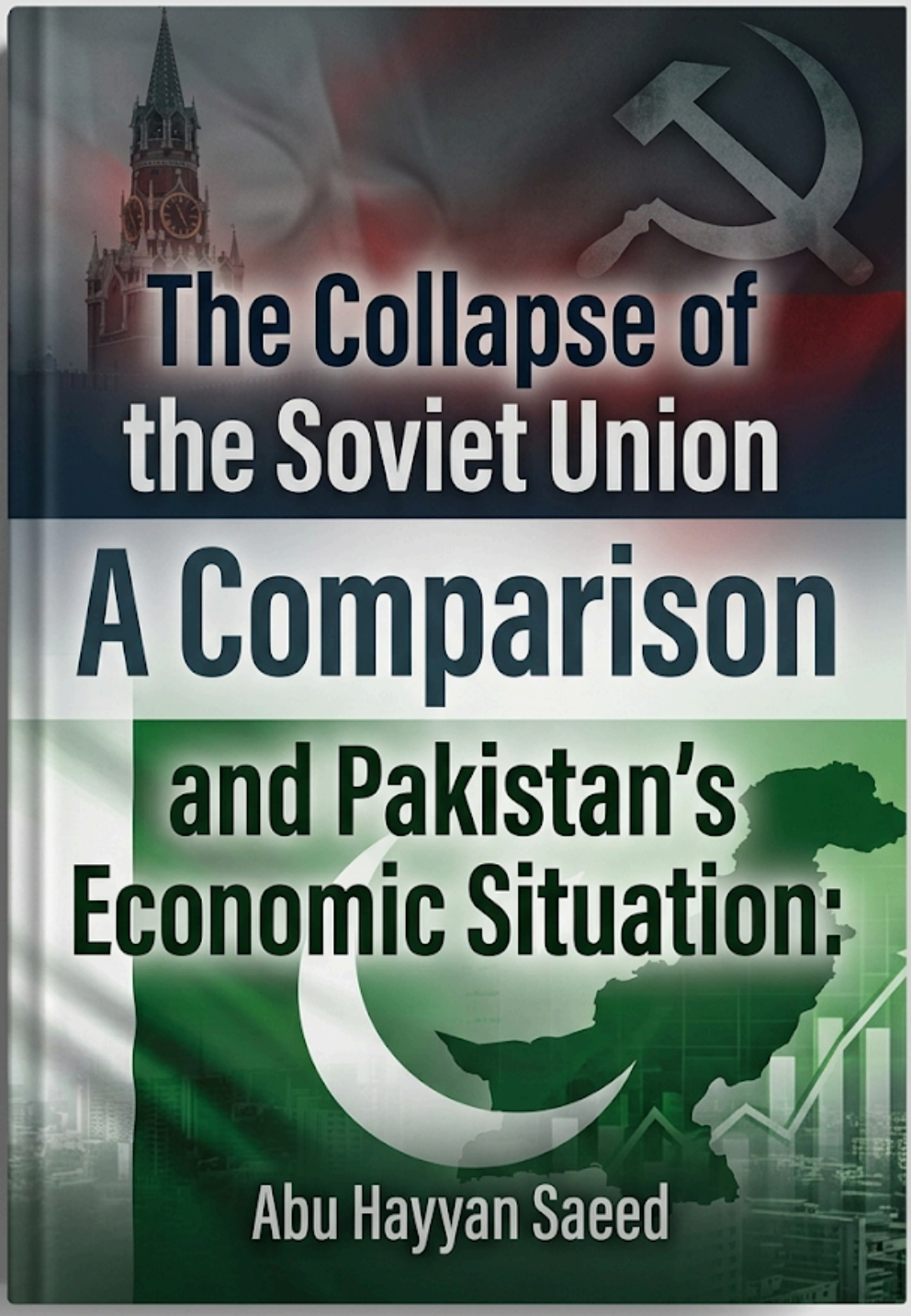
The Collapse of the Soviet Union
A Comparison
and Pakistan's Economic Situation:
Abu Hayyan Saeed

The Collapse of the Soviet Union and Pakistan's Economic Situation: A Comparison

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Reason for Writing: One might ask why this comparison is necessary. My answer is blunt: standing here in 2026, I do not want dozens of futile research papers and books to be written in 2040 debating the "true causes of the destruction of the Soviet Union and Pakistan." Soviet intellectuals had been warning through their writings from 1965 to 1980 years before the final collapse in 1985 that the USSR was hurtling toward a disastrous end. However, they failed to convince the occupying, oppressive, and war-mongering leadership of that time that they were running toward ruin. When a state holds all the resources, power, and authority, it considers itself all-knowing; it ignores such warnings and instead spends its energy branding these individuals as enemies of the state.

A study of the economic histories of the Soviet Union and Pakistan reveals a startling similarity in the causes of their decline. Though one was a superpower and the other is a developing nuclear-armed nation, both fell into the same "Structural Traps" that crippled their economies.

History teaches a bitter lesson: states do not shatter solely from external invasions, but from internal economic hollowness and administrative incompetence, a state of affairs in which Pakistan is currently at its peak. The example of the

Soviet Union is the 20th century’s greatest cautionary tale, where a nuclear superpower collapsed under the weight of its own economy. At the economic crossroads where Pakistan stands today, comparing these causes has become unavoidable.

1. Economy vs. Defense Burden

The Soviet Union spent a massive portion of its GDP on the arms race with the US and space exploration. The result? The country had hundreds of nuclear missiles, millions of tanks, and thousands of generals in medal-laden uniforms; they were even roaming space, but flour and basic necessities became unavailable for the common man.

The situation in Pakistan is not much different. The Federation of Pakistan committed a strange act of "pampering" the provinces that triggered an economic earthquake. This pampering is known as the **7th NFC Award**, which granted so much money to the provinces that the Federation itself became insolvent. After catering to provincial whims, the lion's share of the federal budget goes toward debt interest payments and defense, leaving next to nothing for federal operations. This forces the state to beg for loans from the modern-day witch, the IMF whose conditions are harsher than those of a demanding lover before marriage.

2. Elite Capture (Nomenklatura vs. Elite Capture)

In the Soviet Union, the "Communist Party" elite, known as the *Nomenklatura*, lived luxuriously on the resources of the common people. In Pakistan, a specific class—comprising

political dynasties, the establishment (people are often too afraid to say "the Army," so they hypocritically use the term "establishment"), the religious mafia, and large landholders monopolizes national resources and tax exemptions. When a privileged class loot the country while the common man is crushed by inflation, the bond between the state and the people breaks. This is the most dangerous stage for any country's survival.

3. Financial Tension Between Federal Units

While the Soviet model was hyper-centralized, leading to its destruction, Pakistan faces a different extreme. Through the NFC Award, the Federation has given so much money to the provinces that they have become hubs of plunder while the Federation has turned into a beggar. The Federation gives over 57% of its income to the provinces, where governments often consume the funds rather than spending them on the public.

There is a grievance in Pakistan similar to that of the Baltic or Central Asian states against Moscow. The Federation claims it is going bankrupt because too much money goes to provinces; the provinces claim the center denies them their rights. In reality, the two largest provinces are arguably the biggest culprits. Specifically, Sindh "swallows" thousands of billions from the NFC Award while the public gets nothing. To put it in perspective: since 2010, Sindh has received over **$224 billion** (roughly $14 billion annually). Asking where this money goes is treated as a "sin." Any inquiry is met with diversions about the 5,000-year-old Indus civilization or Sindhi

culture. This tug-of-war is paralyzing the country administratively, just as it did between Moscow and the Soviet states in the final years.

4. The Debt Trap and Dependence on Global Institutions

In its final decade, the USSR took heavy loans from Western banks to keep its crumbling system afloat. When oil prices crashed and debt repayment became impossible, the structure collapsed.

Pakistan is currently in the same "Debt Trap," taking new loans just to pay off the interest on old ones. Our economic policies are now beholden to the IMF rather than Islamabad. Pakistan pays **$7 billion annually** just in interest.

The Soviet Debt Context:

In 1985, Soviet external debt was $25–28 billion. By 1991, it surged to $70 billion. While $70 billion wasn't massive compared to the size of their economy, the Soviet Union was a "closed economy" with no way to earn dollars. They couldn't carry the burden and collapsed on the verge of default. It took Russia until 2017 to finally pay off the last installment of that Soviet-era debt.

The Path to Survival

The destruction of the Soviet Union proves that economic security *is* national security. If an economy fails, an army, hundreds of generals, nuclear weapons, and the constitution cannot save it.

Time is running out for Pakistan. If the flaws of the NFC Award aren't fixed, if the agricultural system isn't overhauled, if corruption in the tax system isn't ended, and if the elite do not sacrifice their privileges, history will place us alongside the Soviet Union.Survival requires "ruthless economic surgery" beyond constitutional conveniences.

The First Step:

What should be done first? Amend the Constitution to reduce the shares of the two largest provinces (Punjab and Sindh) in the NFC Award by at least **30%**. This amount should be dedicated solely to repaying external debt.

- Punjab and Sindh currently receive $42 billion annually.
- A 30% cut would provide the Federation with roughly $12 billion.
- This would easily cover the $7 billion interest payment, ending the need for new IMF loans and begging from China or the Arabs.
- It would free the public from IMF-mandated hikes in petrol, electricity, and gas prices.

Who will do this? Those who beat their chests saying "We are the State" must act.To save Pakistan, the state must prioritize itself as well as the people over political or provincial interests.

Amend Article 160(3A) immediately to save Pakistan.

The state must finally do something for the people.

Then don't say later, we don't even know.